



**Society of St. Vincent de Paul,
Particular Council of
San Mateo County Incorporated**

Financial Statements

**September 30, 2016
(With Comparative
Totals for 2015)**

Board of Directors
Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
San Mateo, California

Certified
Public
Accountants



Palo Alto
San Francisco
San Jose
St. Helena

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the Society of St. Vincent de Paul, Particular Council of San Mateo County Incorporated (the Society), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society of St. Vincent de Paul, Particular Council of San Mateo County Incorporated as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Society's September 30, 2015 financial statements, and our report dated March 18, 2016, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Frank, Rimerman & Co. LLP". The signature is written in a cursive, flowing style.

Palo Alto, California
March 14, 2017

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Financial Position
September 30, 2016 (With Comparative Totals for 2015)**

ASSETS		
	2016	2015
Current Assets		
Cash and cash equivalents	\$ 950,384	\$ 850,552
Investments	3,755,690	4,253,130
Inventory	11,603	9,227
Prepaid expenses and other current assets	155,229	229,929
Grants receivable	-	27,066
	4,872,906	5,369,904
Property and Equipment, net	5,645,180	5,595,310
Investments Restricted for Endowment	132,463	132,463
	\$ 10,650,549	\$ 11,097,677
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 306,768	\$ 299,307
Deferred contribution revenue	114,825	114,825
	421,593	414,132
Deferred Contribution Revenue, less current portion	2,947,163	3,061,988
Commitments and Contingencies (Note 6)		
Net Assets		
Unrestricted		
Designated by Board of Directors	3,738,446	3,797,343
Undesignated	2,871,179	2,977,985
	6,609,625	6,775,328
Temporarily restricted	539,705	713,766
Permanently restricted	132,463	132,463
	7,281,793	7,621,557
	\$ 10,650,549	\$ 11,097,677

See Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Activities
Year Ended September 30, 2016 (With Summarized Comparative Totals for 2015)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
Revenue and Support					
Donations and grants	\$ 2,538,923	\$ 739,759	\$ -	\$ 3,278,682	\$ 2,527,655
Store sales	3,291,893	-	-	3,291,893	2,863,306
In-kind support	2,080,000	-	-	2,080,000	2,125,000
Trust income	120,966	-	-	120,966	185,141
Vehicle donation income	27,641	-	-	27,641	59,786
Free distribution from stores	383,355	-	-	383,355	375,026
Other income	114,292	-	-	114,292	121,127
Net assets released from restriction	913,820	(913,820)	-	-	-
Total revenue and support	9,470,890	(174,061)	-	9,296,829	8,257,041
Expenses					
Program services:					
Safety net assistance	3,797,732	-	-	3,797,732	3,850,154
Stores	4,562,461	-	-	4,562,461	4,078,624
Restorative justice ministry	799,763	-	-	799,763	705,612
Support services:					
Management and general	464,902	-	-	464,902	445,825
Fundraising	408,762	-	-	408,762	426,940
Total expenses	10,033,620	-	-	10,033,620	9,507,155
Change in Net Assets from Operations	(562,730)	(174,061)	-	(736,791)	(1,250,114)
Investment Income (Loss)	397,027	-	-	397,027	(279,316)
Change in Net Assets	(165,703)	(174,061)	-	(339,764)	(1,529,430)
Net Assets, beginning of year	6,775,328	713,766	132,463	7,621,557	9,150,987
Net Assets, end of year	\$ 6,609,625	\$ 539,705	\$ 132,463	\$ 7,281,793	\$ 7,621,557

See Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Functional Expenses
Year Ended September 30, 2016 (With Summarized Comparative Totals for 2015)**

	Program Services			Support Services		Total 2016	Total 2015
	Safety Net Assistance	Stores	Restorative Justice Ministry	Management and General	Fundraising		
Personnel Expenses							
Salaries	\$ 226,701	\$ 2,008,157	\$ 323,640	\$ 163,249	\$ 195,399	\$ 2,917,146	\$ 2,760,336
Payroll taxes	18,885	170,983	27,451	12,776	15,746	245,841	238,094
Employee benefits	73,821	673,237	106,100	54,692	64,053	971,903	854,268
Total personnel expenses	319,407	2,852,377	457,191	230,717	275,198	4,134,890	3,852,698
Direct assistance	1,241,872	-	45,398	-	-	1,287,270	1,225,218
Free distribution from stores	-	383,355	-	-	-	383,355	375,026
Purchased store inventory	-	99,002	-	-	-	99,002	110,939
In-kind expenses	2,036,000	-	44,000	-	-	2,080,000	2,125,000
Advertising and public relations	4,013	4,032	-	17,794	6,543	32,382	31,999
Building maintenance	9,301	28,773	28,340	6,983	1,143	74,540	60,988
Depreciation and amortization	27,895	97,697	118,921	31,956	9,549	286,018	282,344
Donations	28,601	-	-	-	-	28,601	25,509
Dues, extension and renewal	2,176	-	-	-	-	2,176	3,711
Dump fees	-	90,336	-	-	-	90,336	98,502
Events	-	-	-	-	55,771	55,771	47,285
Insurance	19,849	83,772	40,014	36,579	1,323	181,537	173,620
Licenses and fees	1,274	146,222	2,034	1,251	8,564	159,345	70,826
Other	38,637	12,760	662	7,472	425	59,956	33,922
Payroll service	1,325	16,471	2,684	796	951	22,227	13,673
Printing, postage and supplies	5,381	181,188	5,275	11,082	31,980	234,906	179,201
Professional fees	16,629	13,083	4,681	98,875	7,174	140,442	121,981
Property taxes	949	1,208	7,121	1,768	118	11,164	10,812
Rent	1,704	387,805	-	1,669	888	392,066	361,078
Telephone	15,903	24,283	8,536	9,516	6,540	64,778	76,014
Travel and meetings	1,504	5,020	408	2,962	324	10,218	13,379
Utilities	14,563	59,768	30,181	4,146	2,271	110,929	105,463
Vehicle	10,749	75,309	4,317	1,336	-	91,711	107,967
Total expenses	\$ 3,797,732	\$ 4,562,461	\$ 799,763	\$ 464,902	\$ 408,762	\$ 10,033,620	\$ 9,507,155
Percentage of Total Expenses	38%	45%	8%	5%	4%	100%	

See Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Statement of Cash Flows
Year Ended September 30, 2016 (With Comparative Totals for 2015)**

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ (339,764)	\$ (1,529,430)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Amortization of deferred contribution revenue	(114,825)	(114,825)
Depreciation and amortization	286,018	282,344
Net realized and unrealized (gain) loss on investments	(255,630)	340,249
Changes in operating assets and liabilities:		
Grants receivable	27,066	(27,066)
Inventory	(2,376)	4,635
Prepaid expenses and other current assets	74,700	(55,594)
Accounts payable and accrued expenses	7,461	75,049
Net cash used in operating activities	(317,350)	(1,024,638)
Cash Flows from Investing Activities		
Proceeds from sale of investments	930,729	2,261,150
Purchase of investments	(177,659)	(5,384,553)
Purchase of property and equipment	(335,888)	(155,700)
Net cash provided by (used in) investing activities	417,182	(3,279,103)
Net increase (decrease) in cash and cash equivalents	99,832	(4,303,741)
Cash and Cash Equivalents, beginning of year	850,552	5,154,293
Cash and Cash Equivalents, end of year	\$ 950,384	\$ 850,552

See Notes to Financial Statements

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

1. Organization and Description of Program Services

Organization

The Society of St. Vincent de Paul, Particular Council of San Mateo County Incorporated (the Society or SVdP) is incorporated in the State of California. SVdP is part of the Society of St. Vincent de Paul, an international Catholic charity. SVdP provides programs designed to aid the needy, including safety net assistance, throughout San Mateo County, California.

The Society's mission statement is: "In the spirit of love and justice, the Society of St. Vincent de Paul, Particular Council of San Mateo County provides person-to-person services of time, talent and resources to help our neighbors in need." Led by Christian values, Vincentians (volunteers) believe in the dignity of every person and offer compassionate help to individuals based on verified need. Since 1931, SVdP has focused its care on marginalized families and individuals in emergency circumstances.

SVdP provides basic survival necessities and distributes critical financial support and resources to honor the dignity of each distinct individual served. Safety net assistance, through homelessness prevention and services to the homeless, is SVdP's primary focus to help eliminate suffering. SVdP also provides employment for the marginalized, assists victims of crime, ministers to the incarcerated and provides housing and support services to women recently released from incarceration in a safe home. Organized into 36 small working groups called Conferences, over 1,100 volunteers serve every part of San Mateo County. Aid is given regardless of age, gender, race or creed. SVdP's main office manages administrative and program support.

Description of Program Services

Safety Net Assistance

Safety Net Assistance is primarily provided through the Society's SVdP's Peninsula Family Resource Center (PFRC) and SVdP's Homeless Help Centers (HHC).

SVdP's PFRC is a homelessness prevention program providing rent and utility payments, food, and other varied assistance. Basic human needs are addressed through home visits made by volunteers throughout San Mateo County. Calls for assistance are primarily received through a central helpline and from referrals from collaborating county service agencies.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

1. Organization and Description of Program Services (continued)

Description of Program Services (continued)

Safety Net Assistance (continued)

SVdP's HHCs are strategically located in South San Francisco, San Mateo and Redwood City. These centers offer basic survival necessities, such as hot meals and food supplies, clothing, referrals to shelters, sleeping bags, bus tokens, identification cards, driver's licenses, laundry and mail services, in addition to providing emergency motels for special needs such as weather, hospital discharge, etc.

Stores

SVdP's thrift stores in Daly City, South San Francisco, San Mateo, San Bruno and Redwood City offer quality donated goods at low prices or free to those in need. The five thrift stores and processing center provide employment and job training for the most marginalized. Donation pick-up services are offered in San Francisco, San Mateo and Santa Clara Counties. Vouchers are given through SVdP's PFRC home visits and SVdP's HHCs to provide people with free clothes and basic furnishings at no charge. The Society stores and processing center also support a recycling program of electronics and other material for the benefit of the community.

The Society operates a processing center to increase its capacity to receive donated goods and improve efficiency in the collection process and the distribution of goods to the thrift stores based on customer demands. Beginning in 2015, the Society also invested in e-commerce in order to expand future revenue streams and better utilize the processing center.

Restorative Justice Ministry

SVdP's Restorative Justice Ministry works to heal both the victim and offender, in order to regain the trust of the community. Both victims and their families are supported. The Society's Restorative Justice Chaplain and volunteers offer pastoral care to incarcerated men, women and youth.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

1. Organization and Description of Program Services (continued)

Description of Program Services (continued)

Restorative Justice Ministry (continued)

SVdP's Catherine Center is a residential safe home for women recently released from incarceration. The purpose of the program is to teach participants in a loving environment to apply restorative justice principles and develop life skills. The primary phase of the program lasts approximately one year. A secondary phase occurs over the following year and provides ongoing support to help stabilize and reduce the risk of recidivism. In May 2013, the Society received a gift of a building in Menlo Park, California (Note 5), for use by the restorative justice program and as a residence for participants in the SVdP's Catherine Center. In fiscal 2014, the Society made improvements to the building and commenced operations at the new facility in July 2013. The donated building increased the SVdP's Catherine Center's ability to house from 10 to 20 participants.

2. Significant Accounting Policies

Basis of Presentation:

The Society prepares its financial statements on the accrual basis of accounting. The Society segregates its assets, liabilities and operations into three categories: unrestricted, temporarily restricted and permanently restricted. Unrestricted net assets are those available for use in the general activities of the Society, without restrictions by donors, as well as net assets designated for use by the Board of Directors. Temporarily restricted net assets are those whose use is restricted by the donor, based on time or purpose. Generally, these funds will be expended for a specified purpose or over a period of time and are not currently available for general use. Permanently restricted net assets are those assets restricted by the donor in perpetuity.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Revenue Recognition:

The Society recognizes contributions and pledges as revenue in the period the donor makes a promise to give that is, in substance, unconditional. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the revenue is recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction as to time or use expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Trust Income:

The Society is a co-beneficiary of a testamentary trust created under the will of Edna Palmuth, which is administered by a financial institution. The beneficiaries share equally in the income of the trust, which is recorded when received. Income from the trust is unrestricted.

The Society is also a co-beneficiary of a testamentary trust created under the McKeever Family Trust which is administered by a financial institution. The beneficiaries share equally in the income of the trust, which is recorded when received. Income from the trust is unrestricted.

Vehicle Donation Income:

The Society has a vehicle donation agreement with Volunteers for Catholic Organizations (VCO). Vehicle donations to the Society are administered by VCO, and net proceeds received from the sale of vehicles are shared by the parties according to the agreement.

The Society is also a member of the St. Vincent de Paul National Vehicle Donation Program whereby vehicle donations to the Society are administered by the National Vehicle Donation Program, with sharing of net proceeds received from the sale of vehicles according to the agreement.

Vehicle donation income is recorded upon receipt of shared proceeds.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Society considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Investments and Investment Income:

Investments consist of equity and fixed income securities at September 30, 2016, which are presented at fair value based on prices quoted on established securities exchanges. Unrealized gains and losses on investments are reported in unrestricted net assets unless otherwise restricted by the donor.

In-kind donations of investments are recorded at their fair value.

Interest and dividends earned on investments and other interest bearing accounts amounted to \$141,397 in 2016 (\$60,933 in 2015). Due to market volatility, net gain on investments (non-operating income) amounted to \$255,630 in 2016 (net loss of \$340,249 in 2015).

Inventory:

Inventory is valued at the lower of cost or market and consists primarily of purchased mattresses and bed frames.

Advertising:

Costs associated with advertising are expensed as incurred. The Society recorded advertising expense of \$32,000 in 2016 and 2015.

In-Kind Support:

The Society regularly accepts donated merchandise from the general public for resale in its thrift stores. The nature and quality of the merchandise donated varies considerably. The fair value of these donations is not recorded by the Society until sold or provided for free to the needy.

The Society receives donated food, tangible assets, and other items from the general public for use in its programs. The Society also benefits from the donated services of a number of professionals in the provision of its services. Contributions of services are recognized as revenue and expense if the services received (1) create or enhance non-financial assets or (2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During 2016, the Society received \$2,080,000 of such donated services and items (\$2,125,000 in 2015), which have been recorded by the Society at estimated fair value. These amounts are reflected in the accompanying financial statements as in-kind support revenue and are off-set by corresponding amounts of program expenses.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

In-Kind Support: (continued)

The Society also recognized \$114,825 in 2016 and 2015, related to a contribution of a restricted-use building in 2013 (Note 5).

The Society also receives significant amounts of donated time from volunteers that contribute significantly to its mission, but do not meet the criteria for recognition as donated services. Accordingly, the value of this contributed time is not reflected in the accompanying financial statements.

Property and Equipment:

The Society capitalizes property and equipment in excess of \$5,000. Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair value on the date of donation. Depreciation of property and equipment is provided when assets are placed in service over the estimated useful lives, ranging from three to 10 years for furniture, equipment and automobiles, and 30 to 40 years for buildings. Leasehold improvements are amortized over the lesser of the asset's useful life or remaining term of the lease.

The Society reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of assets may not be recoverable. The Society has not recognized any impairment loss through September 30, 2016.

Comparative Financial Information:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. As such, these financial statements do not provide all information necessary to constitute a full presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended September 30, 2015, from which the summarized information was derived.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Concentration of Credit Risk:

Financial instruments, which potentially subject the Society to concentration of credit risk, consist primarily of cash and cash equivalents, investments and grants receivable. The Society maintains its cash and cash equivalents and investments with various financial institutions and a major brokerage firm. From time to time, cash and cash equivalents held in financial institutions exceed amounts insured by the Federal Deposit Insurance Corporation. Cash and investments held at the brokerage firm are insured up to \$500,000 by the Securities Investor Protection Corporation. To date, the Society has not experienced any losses on its cash deposits or investments. The Society's investments are managed by an outside investment manager under an investment policy approved by the Society.

The Society provides an allowance for losses arising from uncollectible grants receivable based upon the historical collection experience and management's evaluation of collectability of outstanding balances. There was no allowance for doubtful accounts deemed necessary at September 30, 2015.

Income Taxes:

The Society is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (the Code), as an organization described in Section 501(c)(3) of the Code, and from California income taxes under Section 23701(d) of the California Revenue and Taxation Code.

Although the Society is tax exempt, it may be liable for income tax on any unrelated business taxable income (UBTI). The Society does not believe it has UBTI that would result in an income tax liability. In addition, the Society believes that it has appropriate support for any tax positions taken to date, including the sustaining of its tax exempt status and potential sources of UBTI; therefore, no provision for federal or state income taxes is provided in the accompanying financial statements for years where the statute of limitations remain open, which is generally three years for federal filings and four years for California filings.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

2. Significant Accounting Policies (continued)

Statement of Functional Expenses:

The costs of providing the Society's various programs and services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated based on the related program or service benefited. Indirect expenses are generally allocated to programs and support services based on the percentage of personnel time spent in each area.

Recent Accounting Pronouncements Not Yet Effective:

Presentation of Financial Statements:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of the Financial Statements of Not-for-Profit Entities*. The standard changes the financial reporting requirements for not-for-profit organizations by: reducing the number of net asset classes from three to two ("with donor restriction" and "without donor restriction"); requiring expenses to be reported by their function and nature; and providing disclosures on the entity's operating measures and liquidity. ASU 2016-14 is effective for the Society as of October 1, 2018 and requires a retrospective transition approach for its adoption. The Society is currently evaluating the impact of ASU 2016-14 on its financial statements and related disclosure.

Leases:

In February 2016, the FASB issued ASU 2016-02, *Leases*. This standard requires all entities that lease assets under leases with terms of more than 12 months to capitalize the assets and related lease liabilities on the statement of financial position.

The standard is effective for the Society as of October 1, 2020 and requires the use of a modified retrospective transition approach for its adoption. The Society is currently evaluating the effect ASU 2016-02 will have on its financial statements and related disclosures. Management expects the assets leased under operating leases and disclosed in Note 6 to the financial statements will be capitalized together with the related lease obligations on the statement of financial position upon the adoption of ASU 2016-02.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

3. Fair Value Measurements

The Society categorizes its investments into a three-level hierarchy that prioritizes the inputs used in valuation techniques for determining fair value of investments and making disclosures about fair value measurements. The Society defines fair value as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

The three-level hierarchy for fair value measurements is defined as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments are classified at Level I under the fair value hierarchy and consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
Equity securities	\$ 2,318,883	\$ 2,398,580
Fixed income mutual funds	<u>1,569,269</u>	<u>1,987,013</u>
Total	<u>\$ 3,888,153</u>	<u>\$ 4,385,593</u>

Investments are classified as follows at September 30:

	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 3,755,690	\$ 4,253,130
Permanently restricted	<u>132,463</u>	<u>132,463</u>
Total investments at fair value	<u>\$ 3,888,153</u>	<u>\$ 4,385,593</u>

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

4. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
Buildings	\$ 6,071,153	\$ 5,770,513
Land	737,290	737,290
Vehicles	522,199	519,811
Furniture and equipment	436,004	436,726
Leasehold improvements	324,367	324,367
Construction in progress	<u>-</u>	<u>14,406</u>
	8,091,013	7,803,113
Less accumulated depreciation and amortization	<u>2,445,833</u>	<u>2,207,803</u>
	<u>\$ 5,645,180</u>	<u>\$ 5,595,310</u>

5. Deferred Contribution Revenue

In May 2013, the Society received a gift of a building located in Menlo Park, California. While the Society received full title to the property, there is a donor-imposed restriction on the grant deed requiring the Society use the property only for the programs and activities of the Restorative Justice Ministry. Although it is the Society's intention to maintain the Restorative Justice Ministry indefinitely, the donor would have the right to reclaim title to the building should the program be terminated. The transfer is subject to a power of termination vested in the donor to enforce the use restriction on the property.

Management determined the fair value of the property to be \$3,444,738 at the date of donation. The Society has included the building in property and equipment and has recorded deferred contribution revenue in the accompanying statement of financial position to recognize the donor-imposed restriction on the building's use. The deferred contribution revenue will be recognized as revenue over the 30 year period, with \$114,825 being recognized in 2016 and 2015, respectively.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

6. Commitments and Contingencies

Leases:

The Society leases a store facility under a non-cancellable operating lease through April 2016, with the option to renew the lease for two additional five year periods. The first of these options was exercised in 2016, extending the lease through April 2021. The Society also leases a store processing center through November 2017 under a non-cancellable operating lease. The Society also leases a separate store facility and an adjacent parking lot on a month-to-month basis. The Society leases vehicles and equipment under non-cancellable operating leases, which expire at various dates through March 2018. Rent expense in 2016 was \$392,000 (\$361,000 in 2015).

Future minimum lease payments under these leases are as follows for years ending September 30:

2017	\$	281,000
2018		159,000
2019		130,000
2020		130,000
2021		<u>76,000</u>
Total	\$	<u>776,000</u>

Contingencies:

From time to time, the Society is involved in certain legal actions arising in the normal course of its operations. At September 30, 2016, management believes there are no legal issues which might have a material effect on the Society's financial position.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

7. Restrictions on Net Assets

Designated Net Assets:

Certain net assets have been designated by the Society's Board of Directors for the following purposes at September 30:

	<u>2016</u>	<u>2015</u>
Strategic plan reserve	\$ 3,000,000	\$ 3,000,000
Conferences	528,162	587,059
Strategic store plan	200,000	200,000
Capital expenditures	<u>10,284</u>	<u>10,284</u>
	<u>\$ 3,738,446</u>	<u>\$ 3,797,343</u>

Temporarily Restricted Net Assets:

Temporarily restricted net assets are restricted by donors to the following purposes or future periods at September 30:

	<u>2016</u>	<u>2015</u>
SVdP's Catherine Center	\$ 390,115	\$ 449,234
Safety Net Assistance	34,989	127,631
Rosetta C. Miller Fund	62,101	66,901
Restricted to future periods	<u>52,500</u>	<u>70,000</u>
	<u>\$ 539,705</u>	<u>\$ 713,766</u>

Under the terms of her will, the income from the estate of Rosetta C. Miller is restricted to the spiritual and material needs of people living within the boundaries of the parish of Our Lady of Perpetual Help Church in Daly City, California.

**Society of St. Vincent de Paul,
Particular Council of San Mateo County Incorporated
Notes to Financial Statements**

7. Restrictions on Net Assets (continued)

Temporarily Restricted Net Assets: (continued)

Net assets were released from restrictions by satisfying the time or purpose restrictions as follows for the years ended September 30:

	<u>2016</u>	<u>2015</u>
SVdP's Catherine Center	\$ 489,998	\$ 592,048
Safety Net Assistance	331,522	110,849
Rosetta C. Miller Fund	4,800	5,150
Restricted to future periods	<u>87,500</u>	<u>-</u>
	<u>\$ 913,820</u>	<u>\$ 708,047</u>

Permanently Restricted Net Assets:

Permanently restricted net assets consist of an endowment fund established to support the Society's Restorative Justice Ministry. Contributions to the endowment fund are subject to donor restrictions that stipulate the original principal of the gift is to be held and invested by the Society indefinitely and income from the fund is to be expended for the program's operations. The donor-restricted endowment fund is invested in fixed income mutual funds pursuant to the Society's investment and spending objectives of subjecting the fund to low investment risk. In 2016, the Society received no endowment donations.

The Society has adopted investment and spending policies based on the requirements of the State Uniform Management of Institutional Funds Act (SUMIFA). As a result of the Society's interpretation of SUMIFA, and in accordance with donor restrictions, contributions to the endowment fund are classified as permanently restricted net assets. The historic dollar value of those contributions must be maintained in perpetuity. Income from the fund is classified as temporarily restricted net assets until the purpose restriction is satisfied. When the purpose restriction is met, the net assets are reclassified to unrestricted net assets.

8. Subsequent Events

Subsequent events have been evaluated through the date of the independent auditors' report, which is the date the financial statements were approved by the Society and available to be issued. No subsequent events have been identified requiring disclosure.